

EXHIBIT C

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF VIRGINIA

Alexandria Division

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ePLUS, INC.,)
Plaintiff,)
v.) Civil Action No.
ARIBA, INC.,) 1:04:CV612
Defendant.)

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Friday, October 8, 2004

Washington, D.C.

VIDEOTAPED DEPOSITION OF KLEYTON L. PARKHURST

The videotaped deposition of Kleyton L. Parkhurst was held Friday, October 8, 2004, commencing at 9:00 a.m., held at the offices of Howrey, Simon, Arnold & White, 1299 Pennsylvania Avenue, Northwest, Conference Room 2-C, Washington, D.C., before Bess A. Avery, Registered Merit Reporter.

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1 necessary?

2 A I think it's necessary for GAAP and tax
3 purposes when you buy assets.

4 Q Who is the audience for this document? Who
5 was it written for?

6 A Ultimately the auditors.

7 Q Okay. I ask you to turn to page 348,
8 please. It says: EPlus has become owner under --
9 Number 4, Patents: EPlus has become the owner of a
10 number of patents upon buying these two companies from
11 ProcureNet. It is estimated by ePlus management that
12 the fair market value of all such patents is twelve
13 thousand dollars.

14 What does the writer mean when he uses the
15 phrase ePlus management?

16 A Well, I think he would be referring to ePlus
17 management.

18 Q Is he referring to -- I mean, well, who did,
19 who performed the estimate that he's referring to
20 here?

21 A I don't know who performed the estimate.

22 Q Was it probably Mr. Arora?

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1 come up with what we think the fair market value is.

2 Since we hadn't done any patent valuation or hired any
3 person to value the patents, we had no expertise

4 internally to do that, and that was the best, you

5 know, best answer. So Mr. Mencarini says that fair

6 market value is the cost of acquiring those patents,

7 the legal fees that it took to acquire those patents

8 from ProcureNet for the purposes of GAAP accounting.

9 Q Okay. So it's not based, then, upon the
10 expected useful economic life of such patents and
11 estimated value of similar patents held by others, is
12 it?

13 A It must be if that's what this report says,
14 which has been audited three times by Deloitte.

15 Q What you just testified to is when you spoke
16 to Mr. Mencarini he told you that fair market value is
17 determined by the legal cost of acquiring those
18 patents from ProcureNet. That's distinct --

19 A The cost of having the patents assigned.

20 Q Okay. That's distinct, isn't it, from the
21 expected useful economic life of such patents?

22 A Well, at that point in time we didn't have

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1 A I subsequently learned that the numerical
2 value was the estimated cost of having the patent
3 assigned.

4 Q The twelve thousand dollars?

5 A Yes.

6 Q So the cost of having the patents assigned,
7 what would that entail?

8 A Legal fees, I imagine.

9 Q Anything else?

10 A I don't know what it takes to assign patents
11 so I don't know. Filing fees maybe.

12 Q How did you come to understand this?

13 A As the 30(b)(6) representative specifically
14 tasked with answering Number 19 I wanted to be able to
15 explain what the twelve thousand dollar number, how it
16 was derived.

17 Q To whom did you speak about that?

18 A Steve Mencarini.

19 Q And do you have an understanding of why he
20 used that criteria to determine a fair market value of
21 the patents?

22 A I think pursuant to GAAP we are obligated to

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1 any expectations, so the answer is true.

2 Q When you say at that point in time you mean
3 back at the time of the --

4 A Acquisition.

5 Q -- acquisition?

6 A Right. Prior to the issuance of the third
7 patent and our own investigation, or Hunton &
8 Williams' investigation.

9 Q When you say no expectation you mean the
10 expectation held by others?

11 A Right.

12 Q Do you have any idea how much it cost
13 ProcureNet to acquire the patent through the Patent
14 and Trademark Office?

15 A No idea.

16 Q Is that ever part of any of your research or
17 due diligence to figure out what they spent on them in
18 order to acquire them?

19 A No.

20 Q Do you know whether they ever licensed them
21 to anybody before the deal with you?

22 A I know representations and warranties they